

## Message Text

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ACTION EB-07

INFO OCT-01 EA-09 IO-13 ISO-00 L-03 AGRE-00 CIAE-00  
COME-00 INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00  
CIEP-02 FRB-01 OMB-01 /054 W  
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R 130030Z JAN 77  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 4798  
INFO US MISSION GENEVA 736

UNCLAS MANILA 581

GENEVA FOR PHELAN

E.O. 11652: N/A  
TAGS: ETRD, RP  
SUBJECT: BILATERAL TEXTILE AGREEMENT

REF. A 76 STATE 279838, B. 76 MANILA 20029, C. 76 BANGKOK 22884,  
D. MANILA 386

1. EMBASSY OFFICER HAS DISCUSSED WITH STAFF OF PHILIPPINE TEXTILE EXPORT BOARD (TEB) STATUS OF DRAFT AMENDMENT TO BILATERAL TEXTILE AGREEMENT (REFTEL A). TEB OBJECTIONS TO AMENDMENT (REFTEL B) WERE DISCUSSED IN DETAIL AND MAY BE SUMMARIZED AS FOLLOWS:

A. TEB CONTENDS THAT 33,000 DOZEN INCREASE IN CATERGORY 221NT SHOULD BE MATCHED BY 33,000 DOZEN DECREASE IN CATERGORY 221T. UNDERSTANDING OF U.S. NEGOTIATORS IS THAT 33,000 DOZEN INCREASE IN CATERGORY 221NT WOULD BE MATCHED BY 77,000 DOZEN DECREASE IN 221T.

B. TEB MAINTAINS THAT U.S. NEGOTIATORS AGREED TO MERGE CATEGORIES 42/43/62/PART FOR BOTH REPEAT BOTH SECOND AND THIRD YEARS. U.S. POSITION IS THAT AGREEMENT WAS UNCLASSIFIED

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REACHED TO MERGE THESE CATEGORIES FOR SECOND AGREEMENT YEAR ONLY AND TO RE-EXAMINE QUESTION OF CONTINUING MERGER INTO THIRD AGREEMENT YEAR SOMETIME DURING CY 1977.

C. TEB AGREES THAT CATEGORY 224 (PART, KNIT TOPS) SHOULD BE MERGED WITH CATEGORIES 218/219. HOWEVER, TEB MAINTAINS THAT AGREEMENT WAS NOT REACHED TO SUBTRACT

224 (PART, KNIT TOPS) FROM THE PRESENT SPECIFIC LIMIT OF  
CATEGORY 224.

2. EMBASSY OFFICER POINTED OUT TO TEB AUTHORITIES THAT HIS NOTES TAKEN DURING AUGUST NEGOTIATIONS SUPPORT U.S. POSITIONS ON ITEMS DISCUSSED ABOVE IN PARAGRAPH 1.A AND 1.B. WHILE NOTES TAKEN BY EMBASSY OFFICER DO NOT REPEAT NOT SPECIFICALLY INDICATE THAT QUESTION OF REDUCING PRESENT SPECIFIC LIMIT OF CATEGORY 224 (PARAGRAPH 1.C ABOVE) WAS DISCUSSED DURING AUGUST TALKS, EMBASSY OFFICER ARGUED STRONGLY THAT IN ANY CASE, AGREEMENT TO MERGE CATEGORY 224 (PART, KNIT TOPS) WITH CATEGORIES 218/219 CLEARLY INDICATES THAT SPECIFIC LIMIT OF CATERGORY 224 (PART, OTHER THAN KNIT TOPS) MUST BE REDUCED.

3. SEVERAL TECHNICAL QUESTIONS REGARDING AMENDMENT WERE DISCUSSED:

A. AS MENTIONED TEB LETTER (REFTEL B) TSUSA NO. 380.0002 WAS OMITTED FROM LIST OF TSUSA NUMBERS CONTAINED IN DRAFT AMENDMENT (PARAGRAPH 2.B., REFTEL A).

B. CONVERSION FACTOR FOR MERGED CATEGORY 234/235 SHOULD BE SPECIFIED IN DRAFT AMENDMENT SINCE STANDARD CONVERSION FACTORS FOR CATEGORY 234 AND CATEGORY 235 ARE DIFFERENT (PARAGRAPH 1.B.(4), REFTEL A).

C. NEITHER TEB NOR EMBASSY UNDERSTANDS CALCULATION WHICH RESULTED IN SPECIFIC LIMIT OF 530,438 DOZENS FOR UNCLASSIFIED

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MERGED CATEGORY 218/219/224 (PART, KNIT TOPS):

(1) CATEGORY 224 (PART, KNIT TOPS) IS MADE UP OF TWO TSUSA NUMBERS. ACCORDING TO REFERENCE C, THE AMOUNT OF YARDAGE IN THIS PARTIAL CATEGORY IS TO BE CALCULATED BASED ON IMPORTS IN THESE TWO TSUSA NUMBERS FOR THE YEAR EINDING JUNE 1976 (GENERAL IMPORTS, TQ 2310). USING THIS FORMULA, IMPORTS ARE AS FOLLOWS:

TSUSA 382.0455 - 126,234 LBS.

TSU SA 382.7879 - 90,541 LBS.

THESE TSUSA NUMBERS TOTAL 216,775 LBS. OR 123,871 DOZENS USING CONVERSION FACTOR OF 1.75 LBS. PER DOZEN TAKEN FROM ANNEX A (FOOTNOTE 2) OF BILATERAL AGREEMENT.

(2) NON-DESIGNATED CATEGORY LEVEL FOR CATEGORY 218 IS 700,000 SYE (ALL LIMITATION LEVELS ARE FOR FIRST

AGREEMENT YEAR) AND SPECIFIC LIMIT FOR CATEGORY 219 IS 5,987,379 SYE. THUS, CATEGORY LEVEL FOR 218 (USING STANDARD CONVERSION FACTOR IN BILATERAL AGREEMENT) IS 96,685 DOZENS. CORRESPONDING LEVEL FOR CATEGORY 219 IS 326,110 DOZENS.

(3) ADDING LIMITATION LEVELS IN DOZENS OF CATEGORY 218, 219 AND 224 (PART, KNIT TOPS) GIVES A NEW LIMITATION LEVEL OF 546,666 DOZENS. THIS FIGURE DOES NOT, REPEAT NOT AGREE WITH LEVEL OF 530,438 DOZENS GIVEN IN DRAFT AMENDMENT (PARAGRAPH 1.B, REFTEL A). TEB HAS REQUESTED EXPLANATION OF HOW LEVEL OF 530,438 DOZENS WAS CALCULATED.

4. IT APPEARS GOP OBJECTIONS TO AMENDMENT (LISTED PARAGRAPH 1.A,B,C ABOVE) STEM FROM COMPLEXITY OF ISSUES AND LACK OF TIME TO DRAFT MEMORANDUM OF UNDERSTANDING UNCLASSIFIED

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BEFORE TALKS CONCLUDED. WHEN GOP NEGOTIATORS RETURN FROM EUROPE (REFTEL D), EMBASSY OFFICER WILL MEET WITH TEB MEMBERS TO ATTEMPT TO PERSUADE THEM TO ACCEPT U.S. DRAFT OF AMENDMENT.

5. IT WOULD BE VERY HELPFUL IF CONCERNED WASHINGTON AGENCIES COULD PROVIDE ANSWERS TO TECHNICAL QUESTIONS (CONTAINED PARAGRAPH 3 ABOVE) SO THAT THIS INFORMATION WOULD BE AVAILABLE FOR MEETING WITH TEB TENTATIVELY SCHEDULED FOR JANUARY 19.

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